

## **Community Development Block Grant (CDBG) Redesign Listening Sessions August and September 2017**

In August and September, HCD held five in-person listening sessions in Sacramento, Marina, Anderson, Ukiah, and Visalia, as well as one on line via a webinar. The webinars were well attended resulting in a total of 67 individuals in person and approximately 21 individuals on the webinar.

For each session, the same series of questions was asked to ensure some consistency in the information in the hopes we would receive the full range of possible responses to guide us in our work on the redesign. At the end of each session, participants were invited to send any additional comments, which are included on the Listening Session Compilation document. The questions and general themes in the responses follow:

1. What are the CDBG-funded activities that are considered the highest priority for your jurisdiction?

The responses covered the full range of allowable CDBG activities and participants were clear about their desire that the Department of Housing and Community Development (HCD) not restrict applicability to only a few activities. There was some concern expressed about the difficulty of doing housing activities—especially in the high-cost areas—as well as the complication of managing the supplemental activities.

2. What prevents eligible jurisdictions that have not participated in the program from applying for CDBG grants in the first place?

The major reason for not applying appeared to be staffing—lack of staff, lack of knowledgeable staff, or not enough time available by staff to put together the application—and implement the program. In addition, however, participants expressed the need for training on preparing an application and on program implementation. Several expressed frustration with HCD's delays in reviewing and processing documents or requests timely—either due to lack of staff availability or lack of assistance/knowledge.

3. What works well with the State's administration from CDBG Program application, award, disbursement of funds, to operation and close-out of CDBG contracts?

Several participants commented on notable improvements in processing approvals and documents, clearance of general conditions, as well as staff responsiveness. Specifically, disbursement of funds works well once the request has been approved; and participants expressed appreciation for their staff representatives. Consistency with the State's award process works well for local communities; but changing the application/award dates or the application rules disrupts the planning process and communities do not participate. One participant suggested that the 50 percent expenditure rule works well, allowing otherwise non-competitive communities to

participate. Some of the responses to this question can be found in response to question #5 below.

4. What works well at the local level in applying for, receiving, and administering a CDBG contract?

Experienced local staff make the process work well. Some changes to HCD's administration of the program have made it easier at the local level, including a new system of APRs and set-up/completion reports, electronic contracts, fund requests submitted as needed rather than quarterly, semi-annual PI reports rather than quarterly, restored communication between HCD and locals' consultants which was prohibited in recent years.

5. What could be improved as you perceive the State's administration of the Program—from application through close-out?

- There is general frustration with the functional alignment of staff—disagreement between and among sections, inconsistent application of rules, poor communication.
- Improve grants management system to allow processing to be done electronically.
- HCD should request grantees to report no more than is necessary, provide assistance with reporting on supplemental PI projects (rather than rejecting disbursement requests without guidance), and ensure that there is communication internally between and among the functional units at HCD.
- HCD should revise and improve the Grants Management Manual. An updated manual could mitigate the lack of training and/or knowledge at both the HCD staff level and the local level.
- Provide more training and technical assistance to grantees. Be creative in how training is offered, such as posting training on the website, provide YouTube videos, other technology.
- Make available a clear checklist for close-out of projects and the grant. While contracts contain the information necessary, it does not provide key documents.
- Monitor appropriately and timely.
- HCD staff should reach out to their assigned jurisdictions to make sure the grantees know who they are. That should also include any administrative subcontractors/consultants simultaneously. And if that staff has not heard for a long time, s/he should reach out so that the grantee and HCD can work together to ensure success.
- Eliminate overly stringent State requirements.
- Grantees need a clear process for fund requests, including supplemental projects.
- When projects are funded (as opposed to programs), it is important that awards are announced and contracts executed in time for grantees to secure bids for construction timely to take advantage of the construction season. If awards are late, projects cannot be started until the following season.

- HCD should address the issue of excessive staff turnover and improve consistency of answers and guidance provided, which should increase trust in what information/technical assistance is given. Create a NEPA specialist.
  - Set a PI level that is reasonable to allow for jurisdictions to receive an award with that level on hand.
  - Communicate with the public more frequently with periodic updates, management memoranda, program changes. Clean up forms and documents on website to ensure all forms are updated and correct.
  - Improve standard processes from award through close-out. Processing takes too long. Make sure staff are trained on new policies, new processes and new rules.
6. If you have received CDBG funds in the past (or currently), and if funds have not been disbursed completely for your contract, what are the reasons for that?

The complication of Program Income is by far the most often mentioned as contributing to the problems of disbursing grant funds to complete a project and/or program. Grantees experience problems with cash flow as well as processing delays at HCD. Other issues include housing market challenges.

7. How might we increase the CDBG Program expenditure rate within the current resources?

Increasing readiness requirements at application would result in increased expenditures. Consider different readiness requirements for different types of projects or programs. Require establishment of milestones for projects and programs and disencumber funds when milestones are not met. Improve expertise at HCD and processing of documents and fund disbursement requests.

8. How can HCD improve communication with CDBG stakeholders?

Improve website and use it to communicate changes, policies, etc. Do on-site visits to grantees to establish relationship, provide training to HCD staff and to jurisdictions on the range of required information from basic information to more complex components such as NEPA requirements, and empower staff to answer questions—as long as they have the information. Show successes and/or case studies to educate jurisdictions. HCD staff should be accessible and responsive.

In addition to the specific issues captured at the Listening Sessions, there was skepticism and cynicism expressed about their effectiveness. Attendees would like to hear from HCD after the information has been given.

Attached is a compilation of all the responses received.